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Introduction

Evolution of Indian Banking Industry

The very first functional bank in India was established under the British rule in the year 1809, by the name of 'Bank of Bengal', the second was in 1809 by the name of Bank of Bombay and then another in 1843 by the name of Bank of Madras. This is a well-known fact that there were three presidencies of British i.e. Bombay, Calcutta and Madras and the above given three banks were established to control the finance related issues of these issues. The very first Bank developed and run by Indians was Allahabad Bank in the year 1865 and the next venture was Punjab National Bank in the year 1894. Then some of the other important banks were established in the between the time period of 1906 to 1913 i.e. Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore, then in the year 1935 the mother of all banks was established in the year 1935 by the name of Reserve Bank of India. Then till the year 1948 around 1000 more banks were established in the country by various names. This was the time when India got independence from the rule of British and in order to regulate the functioning of the banks in India the Banking Companies Act, 1949 was made and it was renamed as Banking Regulation Act 1949 as per amending Act of 1965 (Act No.23 of 1965) the RBI was given all the authority to control the functions of banking system in the country.

The following are the major steps taken by the Government of India to Regulate Banking institutions in the country:-

1949: Enactment of Banking Regulation Act.

1955: Nationalization of State Bank of India.

1959: Nationalization of SBI subsidiaries.

1961: Insurance cover extended to deposits.

1969: Nationalization of 14 major Banks.

1971: Creation of credit guarantee corporation.

1975: Creation of regional rural banks.

1980: Nationalization of seven banks with deposits over 200 Crores.

Basic Structure of Banking in India

In the present scenario, Indian banking industry is one of the most organized industry in the country, this was possible with the formation of RBI as a central bank of the country, though the structure is a bit diverse in nature but then again this is because of the private players in the industry. There are scheduled and non-scheduled bank and the structure of the industry is based on the formulation of the scheduled banks in the industry. Though the non-scheduled banking institutions are less in numbers but then again they restrain a given population from complete financial inclusion. There are sources like private money lender, pawnbrokers and others who provide easy money to the customers but the interest rates are very high and once a person takes such loans he/she is trapped in the vicious circle of overlapping interest.

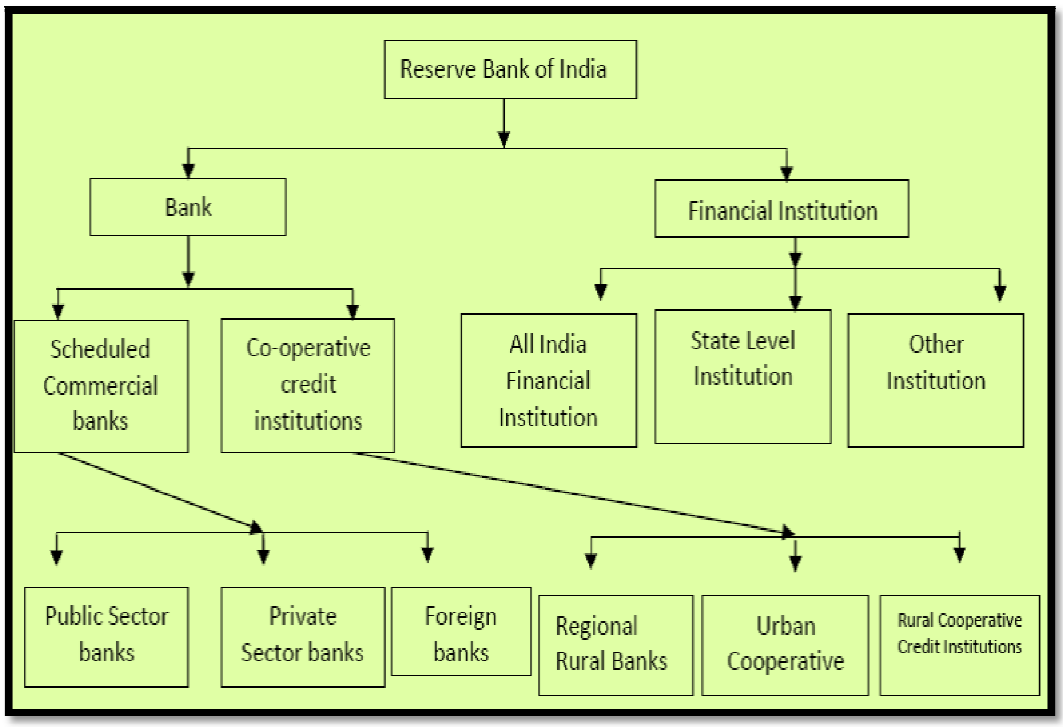

Figure 1: Banking Structure in India

Scheduled Banks

As far as a scheduled bank is concerned, such banks are required to be listed under the second schedule of the RBI Act, 1934, and this act demands for some of the conditions to be fulfilled, some of such conditions are as follows:

1. Any of the scheduled bank should have a minimum paid up capital of Rs. 0.5 million
2. A scheduled bank might work for the positive interest of its depositors, whatever the case may be, (*until and unless the depositors is a defaulter*)

Scheduled Commercial Banks (SCBs)

The overall Indian economy is duly supported by more than 100 scheduled banks and their respective branches all over the country. As a matter of fact there is wide differentiation in the formulation and working of these banks, like SBI (*State Bank of India*) and its six associates, which are being governed by the SBI Act, 1955 and SBI Subsidiary Banks Act, 1959, then there are other banks like IDBI, etc.

Private sector banks include the old private sector banks and the new generation private sector banks- which were incorporated according to the revised guidelines issued by the RBI regarding the entry of private sector banks in 1993. As at end-March 2009, there were 15 old and 7 new generation private sector banks operating in India.

Foreign banks are present in the country either through complete branch/subsidiary route presence or through their representative offices. At end-June 2009, 32 foreign banks were operating in India with 293 branches. Besides, 43 foreign banks were also operating in India through representative offices.

Scheduled Cooperative Banks

There are generally two categorization of these banks as 'Rural' and 'Urban'. Out of these the rural cooperative banks are into providing loans and credits to the people of rural areas and are distinguished between state, district and primary level where the basic operations of the banks are same.

Review of Literature

Cheema and Agarwal (2002) analyzed the productivity of commercial banks in India and compared the performance of public sector banks, private sector banks and foreign banks in India. Public sector banks were divided into two categories, i.e., State bank group and nationalized banks. The input variables like owned funds, deposits, borrowings and wage bills were used. The output variables like spread, non-interest income were used. The mean

productivity scores of all public sector banks were found to be the same. Among public sector banks, State Bank of Patiala and Allahabad Bank were found to be most efficient banks in their bank groups, and Jammu & Kashmir Bank in private sector bank group. ING Bank was on the top among foreign banks group. The study revealed that the inefficiency among public sector banks was found due to excessive amount of owned funds, and inefficiency among foreign banks was due to excessive borrowings. The researchers suggested that concentration should be put on the proper utilization of deposits and borrowings, and on the diversification of their activities in order to improve the efficiency of banks.

Kumar (2002) analyzed the impact of information technology on growth and performance of Indian banks in terms of profitability and productivity for the period ranging from 1995 to 2000. The researcher evaluated the perception of bank customers regarding the use of modern technological services provided by the banks. For the purpose of study, banks were divided into four groups. These groups are classified as: Group-I comprised of three new fully computerized private sector banks providing online services (ICICI Bank, HDFC Bank and Centurion Bank of Punjab, Group-II consisted of three fully computerized private sector banks but providing partially online services (Bank of Punjab, IndusInd Bank and IDBI Bank), Group-III included Nationalized Banks partially computerized (Punjab National Bank, Oriental Bank of Commerce, and Punjab & Sind Bank), and Group-IV comprised of partially computerized State Bank of India and its subsidiaries (State Bank of India, State Bank of Patiala and State Bank of Bikaner & Jaipur). Ratio analysis has been used to calculate employee productivity, branch productivity and financial productivity. The study evaluated that almost on all accounts fully computerized banks with online service providing facilities banks performed relatively better. This has also been supported by the respondents who were found to be satisfied in the case of Group-I and Group-II category rather than Group-III and Group-IV categories. The researcher suggested that public sector banks should emphasize on providing computerization and IT related customer services, and extending information technology in rural and semi-urban sectors.

Qamar (2003) examined 100 scheduled commercial banks including 42 foreign banks, 8 new private sector banks, 23 old private sector banks and 27 public sector banks in terms of endowment factors, risk factors, revenue diversification, profitability and efficiency parameters. Data relating to financial year 2000-01 has been used from the annual accounts of the banks. Banks for the study purpose were categorized into public sector banks, old private sector banks, new private sector banks and foreign sector banks. The study indicated

that all the selected scheduled commercial banks were found to be different in terms of total assets, share capital, capitalization ratio and efficiency factors. Much difference in the profitability performance of banks was found due to human resources efficiency as measured in terms of business per employee.

George et al. (2004) used Camel Model to evaluate the performance of private sector banks like Bank of Punjab, Centurion Bank, Development Credit Bank, HDFC Bank, ICICI Bank, IDBI Bank, IndusInd Bank, Kotak Mahindra Bank, UTI Bank and Yes Bank of India from the year of their inception. In this study, researchers used 20 variables in total for capital adequacy, asset quality, management quality, earnings and liquidity parameters. The study brought out that the performance of Kotak Mahindra Bank was the most excellent during all the years under study, followed by HDFC Bank and IndusInd Bank.

Aggarwal (2005) measured the relative productivity of Public Sector Banks. Productivity of all the existing twenty-seven Public Sector Banks for the year 2003 has been calculated. The researcher used Data Envelopment Analysis technique to measure the productivity. The researcher found five out of eight banks under State Bank Group and nine out of nineteen Nationalized Banks to be efficient. Their inefficiency was due to excessive borrowings. The researcher pointed out that these banks were not properly maintaining their income from commission, income from exchange and income from borrowings.

Arora and Verma (2005) studied the banking sector reforms in India and evaluated the performance of public sector banks during the reforms period. The data of 27 public sector banks, i.e., 19 nationalized banks, and State Bank of India and its seven associates for the year 1992 has been taken. Banking sector reforms were studied in relation to Prudential Norms, Capital Adequacy Measures, Structural Regulation, Deregulations of interest rates, accounting and disclosure norms, HRD initiatives, asset liability management system and risk management guidelines. Performance of public sector banks has been evaluated on the basis of Financial Parameters, Operational Parameters, Profitability Parameters and Productivity Parameters. The authors concluded that in order to remove subjectivity in banking sector, major steps like Prudential Norms, Income Recognition Provisioning should have been taken. The researchers suggested that to correct the impact of directed investments on profitability reserve requirements should be reduced.

Bodla and Verma (2006), in their paper, evaluated and compared the performance of two banks in India, one from the public sector, i.e., State Bank of India and the other from the

private sector, i.e., ICICI Bank. The analysis was done on the basis of CAMEL Model. The study covered the time period from 2000-01 to 2004-05. The results showed that both the banks have maintained higher level of capital adequacy ratios than the level prescribed by Reserve Bank of India. Assets quality ratios of both the banks have been improved. State Bank of India has an edge over ICICI Bank in terms of liquidity ratios and ICICI Bank has outperformed SBI Bank in terms of ratios of operating profit to average working funds and net profits to average assets. On the whole, ICICI Bank has performed better than SBI Bank.

Debasish (2006) measured the relative performance of Indian banks over the period 1997-2004 by using output-oriented data envelopment analysis model. For the study purpose, the banking sector in India has segregated on the basis of bank assets size, ownership status and years of operation. The study revealed that Foreign Owned Banks were more efficient than Public Sector Banks and Private Sector Banks. It was found during the study period that at local level Large sized banks and at global level Small sized banks were found to be more efficient than Medium sized banks. The study supported the conclusion that new private sector banks were more efficient than the old private sector banks because old private sector banks were often overburdened with old debts.

Uppal and Kaur (2007) made an attempt to study the trends in costs and profits of partially and fully IT-oriented bank groups and to analyze the correlation between the variables. The data relating to five bank groups, i.e., nationalized banks, State Bank of India and its associates, old private sector banks, new private sector banks and foreign banks has been used from 1999-00 to 2005-06. Further, these banks have been divided into two categories, i.e., partially IT-oriented banks and fully IT-oriented banks. Parameters like net profit and operating expenses ratios to total assets and per employee expenditure have been used. Averages, standard deviation, coefficient of variation and T-test have been applied. A decreasing trend has been observed in per employee expenditure, and an increasing trend in net profits to total assets. The study revealed that cost should be properly managed to improve the profitability of banks because the net profits were affected by the increase or decrease in operating cost.

Arora and Kaur (2008) made an attempt to study the determinants of diversification of banks in India and also analyzed the financial performance of banks in India. Bank group-wise data has been used for nationalized banks, SBI Group, new private sector banks and foreign banks for the period 2000-05. Profitability ratios like return on assets, interest income

to total income, non-interest income to total income and capital ratios have been used to examine the financial performance of banks. Along with those ratios correlation technique has also been used to find out the degree of association between interest income and non-interest income among different bank groups. The researchers evaluated that continuous decline in interest margin pushed the banks to generate income from various alternative sources of revenues other than interest income. They found that public sector banks relied heavily on interest income while private sector banks and foreign banks relied more on generating income from nontraditional sources of income.

Shukla (2009) aimed at examining the recent trends in Indian Banking System and its impact on cost and profitability of 27 public sector banks, 27 private sector banks, and 29 foreign banks in India during the period 1991- 06. The secondary data used for the study has been collected from annual reports of banks and published material from Reserve Bank of India. The study analysed that in the post-reform period Indian Banking System has become more competitive, more developed and financially viable due to several structural changes. The study evaluated that banks should focus on high operating cost and diversification of activities to remain competitive and profitable. The study evidenced the use of technology based services to intensify competition and to reduce operating cost and achieve higher profitability. The researcher recommended that some critical factors like security and integrity of system should be addressed, and greater emphasis should be given on banking and financial policies to strengthen the banking sector.

Bansal (2010) studied the impact of liberalization on productivity and profitability of public sector banks in India. The study has been conducted on the basis of primary as well as secondary data for the period 1996-07. The study concluded that the ability of banks to face competition was dependent on their determined efforts at technological up gradation and improvement in operational and managerial efficiency, improvement in customer service, internal control and augmenting productivity and profitability. The study found that public sector banks have to pay great attention to strategic management, strategic planning and to greater specialization in the technical aspect of lending and credit evaluation. It was recommended that public sector banks should strengthen their project appraisal capabilities. In order to raise their productivity and profitability, public sector banks should spell turnover strategies, income-oriented and cost oriented strategies from time to time.

Prasad and Ravinder (2011) analyzed the profitability of four major banks in India, i.e., State Bank of India, Punjab National Bank, ICICI Bank and HDFC Bank for the period 2005-06 to 2009-10. Statistical tools like arithmetic mean, one-way ANOVA, Tukey HSD Test have been employed for the purpose of study. The profitability of these banks have been evaluated by using various parameters like Operating Profit Margin, Gross Profit Margin, Net Profit Margin, Earning per Share, Return on Equity, Return on Assets, Price Earning Ratio and Dividend Payout Ratio. The study revealed that State Bank of India performed better in terms of earning per share and dividend payout ratio, while Punjab National Bank performed better in terms of operating profit margin and return on equity. The study found that HDFC Bank outperformed in terms of gross profit margin, net profit margin, return on assets and price earning ratio. The study evidenced that ICICI Bank paid highest portion of earning as dividends to shareholders. Analysis ranked HDFC Bank on the top position followed by Punjab National Bank, State Bank of India and ICICI Bank.

Subramanyam (2012) investigated the contagion i.e. negative effect of introducing fair value accounting for commercial banks in India for the period 2000 to 2010. It was found that NPA ratios of the banks increased significantly due to the introduction of fair value accounting of the banks' assets. The study also suggested that the negative effect is more likely to spread to banks that are inherently weak.

Arora and Kumar (2014) evaluated the strength of Credit Risk Management (CRM) framework in the Indian banking industry, and made a quantitative assessment of the overall CRM framework and its three major elements, viz. CRM organization, CRM policy and strategy and CRM operations and systems. Responses of credit risk officials of 35 banks, public and private, were collected during 2007-08. The study identified two focus areas for commercial banks in India, viz. CRM operations and systems at the transaction level and CRM operations and systems at the portfolio level, particularly with regard to monitoring practices at the transaction level and risk assessment at the credit portfolio level.

Satpathy, Behera and Digal (2015) examined the macroeconomic and bank specific microeconomic factors responsible for the rising NPA levels in the Indian banking sector. Historical annual data of 19 private and 26 public sector banks was analyzed using panel data model. The study showed that NPA levels are largely affected due to macroeconomic factors like trade balance with other countries, high government deficit and level of inflation but

significantly adversely due to economic slowdown. Bank specific factors like restructuring activities, operating efficiency and credit growth also affect NPA levels.

Author Name	**Title**	**Study Objective/Study Description**	**Country/ Geographical Area covered**	**Sample Size/ Data Analysis Method**	**Findings/ Limitations**
Cheema, C.S and Agarwal, M (2002)	Productivity in Commercial Banks: A DEA Approach	To identify the productivity of commercial banks in India in terms of productivity.	India	15 Commercial bank of Indian origin. Correlation.	The productivity of commercial banks is very closely related to NPA.
Kumar R (2002)	Impact of information technology on growth and performance of Indian banks.	To study the inculcation of information technology and effect of the same on the profitability of Indian banks.	India	Public and Private Banks of Indian origin.	The researcher suggested that public sector banks should emphasize on providing computerization and IT related customer services, and extending information technology in rural and semi-urban sectors
Qamar (2003)	Evaluation of Commercial banks in terms of Profitability.	Analysis of commercial Indian banks in terms of endowment factors, risk factors, revenue diversification, profitability and efficiency parameters.	India	100 scheduled commercial banks including 42 foreign banks, 8 new private sector banks, 23 old private sector	all the selected scheduled commercial banks were found to be different in terms of total assets, share capital, capitalization ratio and efficiency

				banks and 27 public sector banks	factors
George, R.; Charles, V. and Kumudha, A. (2004)	A Camel Model Analysis of New Private Sector Banks in India	used Camel Model to evaluate the performance of private sector banks.	India	Bank of Punjab, Centurion Bank, Development Credit Bank, HDFC Bank, ICICI Bank, IDBI Bank, IndusInd Bank, Kotak Mahindra Bank, UTI Bank and Yes Bank of India	The study brought out that the performance of Kotak Mahindra Bank was the most excellent during all the years under study, followed by HDFC Bank and IndusInd Bank
Agarwal, M. (2005)	Relative Productivity of Public Sector Banks: An Application of DEA	measured the relative productivity of Public Sector Banks	India	Productivity of all the existing twenty-seven Public Sector Banks for the year 2003 has been calculated	The researcher found five out of eight banks under State Bank Group and nine out of nineteen Nationalized Banks to be efficient. Their inefficiency was due to excessive borrowings.
Arora, S.; and Verma, D. (2005)	Diversification in Banking Sector in India: Determinants of Financial	studied the banking sector reforms in India and evaluated the performance of public sector banks during the reforms period	India	The data of 27 public sector banks, i.e., 19 nationalized banks, and State	The authors concluded that in order to remove subjectivity in banking sector, major steps like Prudential

	Performance			Bank of India and its seven associates for the year 1992 has been taken	Norms, Income Recognition Provisioning should have been taken.
Bhag Singh Bodla and Richa Verma (2006)	Evaluating Performance Of Banks Through Camel Model: A Case Study Of Sbi And Icici	This paper studies the performance of SBI and ICICI through CAMEL Model for the period 2000-01 to 2004-05.	India	ICICI and SBI	It is found that SBI has an edge over its counterpart ICICI in terms of Capital Adequacy. However, the vice versa is true regarding assets quality, earning quality and management quality. The liquidity position of both the banks is sound and does not differ significantly.
Debasish, S.S. (2006)	Efficiency Performance in Indian Banking: Use of Data Envelopmen t Analysis	measured the relative performance of Indian banks over the period 1997-2004 by using output-oriented data envelopment analysis model.	India	17 Public sector, Private sector and foreign banks.	The study supported the conclusion that new private sector banks were more efficient than the old private sector banks because old private sector banks were often overburdened with old debts
Uppal R.K.; and Kaur R. (2007)	Comparative study of costs and profits in	study the trends in costs and profits of partially and fully IT-oriented bank groups	India	Five Bank groups (Public Private and	The study revealed that cost should be properly

	Indian Commercial Banks in the Regime of Emerging Competition	and to analyze the correlation between the variables		foreign)	managed to improve the profitability of banks because the net profits were affected by the increase or decrease in operating cost.
Arora, S. and Kaur, S. (2008)	Financial Performance of Indian Banking Sector in Post-Reforms Era	study the determinants of diversification of banks in India and also analyzed the financial performance of banks in India	India	SBI Group, new private sector banks and foreign banks for the period 2000-05	public sector banks relied heavily on interest income while private sector banks and foreign banks relied more on generating income from nontraditional sources of income

Research Gap

There are a numbers of researches which have analyzed financial performance of different sector of banks time to time with suitable parameters as per the objectives that they have stated in their research work. This research work is on research gap i.e. to extend from evaluation of financial performance to identifying the reason or factors responsible for the financial performance between different sectors (private/public) of banks. Based on the limitations of time and location there are some of the prominent research gaps are as follows:

- In many of the previous researchers had analyzed the profitability of various types of banks but the tools used were not found to be comparable i.e. some had used the ratio analysis and some others had used the time series analysis or the correlation analysis. But none of the researchers had compared the results of different tools with other. This present research will make an attempt to compare the results of ratio analysis with the results of trend analysis and respective correlation coefficients.
- Most of the studies in the previous years had used the trend analysis to evaluate the financial performance of banks and other result oriented tools like regression analysis, correlation analysis, t-test, etc. are not being used. This study will present an elaborated analysis based in different tools.
- Most of the studies are based on the evaluation of NPAs and respective profits of the banks and after effect is not being presented, this present research will assimilate this issue and try to forecast the relative measures for improvement of the same.

This present study will try to fill these gaps and also prepare a strong base for the future researchers.

Relevance of the Study

It is believed that Indian commercial banks were not much affected by the entry of private and foreign bank in the country as they are confident of the RBI policies, they believe that just by following the procedures and policies their business is going to improve. But in the post reform era the scenario had changed a lot and the entry of foreign and private banks started to give a run for money to the banks of Indian origin. This was the time when the Indian banks started to change the way of business and categorized their business into different sections and started to compete in the market.

In the meantime, demand of money increased in the market and thereby increased the amount of NPA in the respective banks. In the uncertain environment of faltering industrial growth, widening current account deficit, depleting foreign exchange reserves and depreciating rupee, banks and financial institutions concerned about their balance sheets cut back on credit. The banking sector also faced profitability pressures due to higher funding costs, mark-to market requirements on investment portfolios, deteriorating asset quality, and increasing non-performing assets (NPAs).

Given this scenario, this research studies the financial performance of banks (Public/Private) of selected domains.

Objective of the Study

1. To evaluate the financial performance of selected public and private sector banks in India.
2. To identify the parameters to measure the financial performance for selected public and private sector banks.
3. To analyze the overall profitability, liquidity and investment related ratios of selected public and private sector banks.
4. To suggest the measures for improving the situation of the selected banks.

Hypothesis of the Study .

Hypothesis 1

H_0: There is no significance difference between the profitability ratios of selected banks.

H_1: There is a significance difference between the profitability ratios of selected banks.

Hypothesis 2

H_0: There is no significance difference between the liquidity ratios of selected banks.

H_1: There is a significance difference between the liquidity ratios of selected banks.

Hypothesis 3

H_0: There is no significance difference between the investment ratios of selected banks.

H_1: There is a significance difference between the investment ratios of selected banks.

Research Methodology

Type of research – Present study is particularly based on secondary data. As a matter of fact the evaluation of secondary data is related to exploratory research, which is again a kind of activity where the researcher is having a kind of dependency on the latest available secondary data. Present research also follows the same pattern but the treatment of tools used will be different.

Sampling Design

Population Size –The population for the study will be all the public and private sector banks operating in India, Particularly NBFC (Non-Banking Financial Corporations) are not considered for the study, as they are the lending institutions and are not engaged in the core banking activities.

Sampling Element – As this present study is limited by the element of time and cost, hence the researcher has considered five public sector and five private sector banks, the parameters for the selection of these banks are the period of operation, size of the banks (in terms of branches, estimated costs of NPA, etc.). The list of sampled banks is as follows:

Public Sector Banks	**Private Sector Banks**
State Bank of India	HDFC Bank
Bank of Baroda	Axis Bank
Punjab National Bank	ICICI Bank
Canara Bank	Kotak Mahindra Bank
Bank of India	IDFC

In order to study the growth of banks in India, various parameters of growth, fund management and financial performance have been identified, which are given below.

1. Number of Offices	5. Investments	9. Total Assets	13.Operating Expenses
2.Number of Employees	6. Advances	10. Interest Income	14. Net Interest Income
3. Owned Funds	7. Gross NPA	11. Other Income	15. Operating Profit

4. Deposits	8. Net NPA	12.Interest Expenditure	16. Net Profit

Data Collection-The main source of data for this present research will be quarterly and yearly financial statements published by the respective banks at different time intervals and also the assessment reports of RBI published at different time intervals.

The study shall be based on secondary data which will be collected by going through the trail of secondary data collected from above mentioned sources. The study will be using secondary data which will be taken from different websites, Articles, blogs, reports etc.

Tools for data analysis-

Financial Tools: Ratio Analysis
Ratio analysis is the comparison of line items in the financial statements of a business. Ratio analysis is used to evaluate a number of issues with an entity, such as its liquidity, efficiency of operations, and profitability.

Liquidity ratios

Liquidity ratios tells how quickly a company can convert its current assets into cash so that it can pay off its liability on a timely basis. Generally, Liquidity and short-term solvency are used together.

1. . Current Ratio

This ratio measures the financial strength of the company. Generally 2:1 is treated as the ideal ratio, but it depends on industry to industry.

Current ratio = Current Assets/ Current Liability

2. **Acid Test Ratio or Quick Ratio:**

This ratio is the best measure of the liquidity in the company. This ratio is more conservative than the current ratio. The quick asset is computed by adjusting current assets to eliminate those assets which are not in cash. Generally 1:1 is treated as an ideal ratio.

Quick Ratio = Quick Assets/ Current Liability

3. **Absolute liquidity ratio**:

This ratio measures the total liquidity available to the company. This ratio only considers marketable securities and cash available to the company. This ratio only tests short-term liquidity in terms of cash, marketable securities, and current investment.

Absolute liquidity ratio = Cash + Marketable Securities / Current Liability

Investment Ratios

Ratios which are used to assess the performance of acompany's shares.The relationship betwe en an amount of money invested and the profit made from it.

1.Return on capital employed

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a company is generating profits from its capital.

Return on capital employed = EBIT/ Capital Employed

2. Return on Equity

ROE is considered a measure of how effectively management is using a company's assets to create profits.

Return on Equity=Net Income/Average Shareholders' Equity

3.Return on net worth

The net worth ratio states the return that shareholders could receive ontheir investment in a company, if all of the profit earned were to be passed through directly to them. The ratio is developed from the perspective of the shareholder, not the company, and is used to analyze investor returns.

Return on net worth = Net income / shareholder's fund

Profitability ratios

Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, and shareholders' equity over time.

1. Gross Profit Ratio

Gross profit is the amount of profit made by the Company after deducting the costs of goods sold or the costs associated with the services the Company has provided.

Gross Profit Ratio = Gross Profit/Net Sales*100

2. Operating Ratio

The operating ratio can be used to determine the efficiency of a company's management by comparing operating expenses to net sales

Operating Ratio = Operating Cost /Net Sales *100

3. Operating Profit Ratio

Operating net profit ratio is calculated by dividing the operating net profit by sales. This ratio helps in determining the ability of the management in running the business.

Operating profit Ratio = Operating Profit/Net Sales *100

4.Net Profit Ratio

Net Profit ratio helps to determine the overall efficiency of the business' operations, furthermore, it is an indicator of how well a company's trading activities are performing.

Net Profit Ratio = Net Profit /Net Sales *100

Statistical tools:

To identify the cause and effect **analysis of variance (**ANOVA)will be used with the help of statistical package for social science (SPSS) Package.

Scheme of Chapters

Chapter 1: Global Financial Crisis: Causes and respective effects

Chapter 2: Banking Sector in India (Public and Private)

Chapter 3: Literature Review

Chapter 4: Research Methodology

Chapter 5: Data Analysis and Interpretation

Chapter 6: Findings, Suggestion and Conclusion

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Appendices:

Appendix 1: Relevant Data Tables

Appendix 2: Published Research Work

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